Preserve

App. F. IX-4

Previous References 1933-34 (CS) CS File No. 67-33 Serial Nos. 1

Later References.

GENERAL AND REVENUE SECRETARIAT.

Serial Nos. 1

Part B for Nov. 1934

SUBJECT.

Report of the Committee Constituted to enquire into the indebtedness of Govt Officials -

WD 01965—GPB—15,000—7-7-34

14/11/34

Submitted to His Highness.

A tendency towards increase of indebtedness on the part of Government officials in general has been observed in recent years, inspite of the several measures adopted by Government from time to time to improve their economic condition and to ensure them a reasonable degree of comfort. To get a correct idea of the present position in regard to this matter, the Revenue Commissioner was requested to study the question of the indebtedness of the services in general in consultation with the marginally* noted gentlemen, and to favour Government with suggestions about the general causes of such indebtedness, its extent and the measures necessary to relieve them.

* Mr. K. V. Anantaraman, Deputy Commissioner, (Now Officiating Inspector-General of Police).
Mr. S. Venkatakrishnaiya, Retired District and Sessions Judge and President, Provincial Co-operative Bank.
Mr. Y. Narasinga Rao, Retired Senior Assistant Commissioner.
The Registrar of Co-operative Societies.
The Comptroller to Government.

I submit herewith for His Highness's gracious perusal a copy of the report just submitted by the above Committee. The proposals contained therein will be worked up and submitted for His Highness's orders in due course.

Mirza M. Ismail

Mysore,
16th October 1934.

DEWAN.

Record of Cases submitted for the Orders of His Highness the Maharaja.

C. Secy Mr
22-10-34

Subject.

Report of the Committee constituted to enquire into the indebtedness of Government officials.

196

Order.

~~KRW~~
19/10/34

199

General and Revenue
Secretariat

586
C.P.

Report of the Committee Constituted to enquire into the indebtedness of Govt. Officials

(*)

31. All urgent or confidential files returned with His Highnes,' orders may in the absence of instructions or indications to the contrary, be ordinarily circulated to the Members of Council for perusal after the issue of orders.

33. The Secretaries concerned should see that orders in the cases referred to above are issued at once and that the files are returned immediately after to the Chief Secretary for circulation to the Members.

34. In all other cases, the files will first be circulated to the Members of Council at Head-quarters and then sent to the Secretariat concerned for the issue of orders.

Circulated to Members of Council for perusal of His Highness' orders before/after issue of orders. (*Vide Rules* 31, 33 and 34 of the Subsidiary Rules for the conduct of business of Council in the Manual of Council Rules and Procedure.)

R. Rangachari

Chief Secretary to Government.

Through the Secretary to Government,

.....Department.

3279/25/10

FIRST MEMBER OF COUNCIL.

25/10

3012/24/10

SECOND MEMBER OF COUNCIL.

1/12 24/10

B

NOTE.—Contn. sheet.

C.P. How is this being dealt with? R2

Report transferred to Fin. Secrett. for being worked up (in consultation with other Depts.) C.P. 26/10.

File submitted to chief secy 26/10 separately

C.P. 26/10.

R2 29/10.

D. O.

GENERAL AND REVENUE SECRETARIAT,

Dated, Bangalore, ... 6th November 193 3

No. 1279/CB 67-33-1

Dear Mr. Madhava Rao,

Government are led to believe that there has been a tendency towards an increase of indebtedness on the part of officials in general, in recent years, in spite of the several measures adopted by Government from time to time, to improve their economic condition and to ensure them a reasonable degree of comfort. The scales of pay of the various classes of officials have been improved and special facilities provided in the shape of grant of advances (free of interest or at concessional rate of interest) for acquiring houses, purchasing motor cars, motor cycles and push cycles, etc. Government have also rendered them assistance in other indirect ways by encouraging the Co-operative movement, which has for its object the provision of credit at low rates and the supply of goods at cheap prices and the promotion of habits of thrift amongst its members. While the officials appear to have fully availed themselves of these facilities, it does not appear as if their material condition has at all improved. On the other hand, the cheap and ready credit offered by these institutions appears to have had a prejudicial effect on the economic condition of many of them.

Government consider it desirable to have a correct idea of the present position in regard to this matter. I am desired to request you to kindly study the question of indebtedness of the services in general, in consultation with the marginally noted gentlemen and favour Government with your suggestions about the general causes of such indebtedness, its extent and the

(1) Mr. K. V. Anantaraman, Deputy Commissioner.
(2) Mr. S. Venkatakrishnaiya, Retired District Judge and President, Provincial Co-operative Bank.
(3) Mr. Y. Narasinga Rao, Senior Assistant Commissioner (Retired)
(4) The Registrar of Cooperative Societies, and (5) the Comptroller were later on added.

measures necessary to relieve it. The consultation referred to above, can perhaps be best made by the gentlemen referred to above, constituting themselves into a Committee with you as Chairman and Mr. Y. Narasinga Rao as Member and Secretary. The Registrar of Co-operative Societies will be asked to furnish you with any information that you may want in this connection.

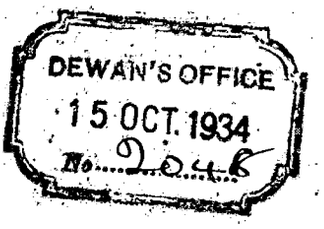
Yours sincerely.

Sd/- R. Ranga Rao.

N. Madhava Rau, Esq., B.A., B.L.,
Revenue Commissioner in Mysore.

CONFIDENTIAL.

Letter No. C.1704/33434/Enc. One dated 10th October 1934 from the Revenue Commissioner in Mysore to the Chief Secretary to Government.



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With reference to your D.O. letter No. 1278/C.B. dated 6th November 1933 requesting for a report of the Committee constituted to examine the question of the indebtedness of the services, I have the honour to forward herewith the report of the Committee.

The statistical statements referred to in the report will follow.

Submitted to Dewan for perusal in the first instance.

RG
12/10/34

Mr. Mh for his perusal & comments in the first instance.

14/10

DSN

RG
15/10.

Report of the Committee of enquiry into the causes of indebtedness of Government servants.

The Committee held meetings on the dates noted below:-

Preliminary meeting on	21-11-1933.
2nd Meeting on	5- 9-1934
3rd Meeting.	6-10-1934.

The Committee, at the outset, decided to confine the enquiry to the question of indebtedness of Gazetted and Non-Gazetted Officers, excluding from its scope the case of inferior servants, the economic problems in respect of the latter being different and less complicated. It was felt that any formal procedure attended with possible publicity was inexpedient and unlikely to elicit correct information. A Sub-Committee consisting of Messrs. S. Venkatakrishnaiya and Y. Narasinga Rao was therefore appointed and it was requested to collect materials to form the basis for the report. It necessarily took sometime to collect statistics from (1) Some Co-operative and other Institutions in the City of Mysore and Bangalore which have a large clientele of Government servants and (2) from the Comptroller's Office, relating to the various advances made by the Government to its officers and attachments subsisting on their pay. The members of the Sub Committee interviewed a large number of Government servants in different establishments and obtained from them some useful data relating to domestic budgets of officials and causes of indebtedness. They also discussed the subject with representatives of the non-Gazetted Officers' Association who

had made representation to the Committee. The statistical information so collected is given in the Appendices to this Report.

Extent of Indebtedness.

The Statistics obtained from the Co-operative Institutions give an idea of the extent and degree of the indebtedness of officials. These institutions provide some exclusively and others to a substantial extent, credit facilities to the official classes. From these statistics it would appear that officials have borrowed an aggregate sum of about 8 lakhs from the eight institutions for which figures are available. The debts owing to Government in the shape of Motor Car and House-Building Advances, amount to over Rs.42,000. The total ascertained debt of officials in the cities of Bangalore and Mysore exceeds Rs.12,00,000/-. Considering the fact that there must be a large amount of borrowing from other credit institutions and from private money lenders and that there are about 11,000 officials in the superior service in the State as against over 3646 officials to whom the ascertained debt relates, the Committee consider that the total amount of debt of persons in the public service must be something of the order of Rs.50 to 60 lakhs.

The main facts disclosed by a study of the materials collected by the Committee are as follows:-

1. Of the officials who are members of Co-operative Societies, 90 per cent have borrowed, as against 10 per cent who hold some deposits.

2. Investigation of representative cases shows that about 64 per cent of the officials are indebted, of whom 12 per cent are deeply involved, that 17 per cent are debt-free and that 19 per cent have made some savings.

3. About 25 per cent of the officers in grades of pay above Rs.600/- appear to be indebted.

4. The average ascertained debt per head is Rs.337/-.

5. The percentage of those indebted appears to be the highest in grades of pay between Rs.40/- and Rs.200/-.

6. It is reported that the salaries of Government servants are being attached for decreed debts only in 123 cases involving a sum of Rs.40,600/-. But there is reason to believe that in many instances, decrees against officials are settled by means of voluntary payments without reference to the heads of the offices in which the debtors are employed.

7. Indebtedness is heavy in the establishments of the General and Revenue Secretariat, the Comptroller's Office, the Office of the Director of Public Instruction and in the Revenue, Police and Excise Establishments; while it is relatively small in Engineering and Medical Departments.

Causes of Indebtedness.

There are comparatively few instances in which debts have been contracted as a result of personal extravagence and evil habits. On the other hand, cases of borrowing for profitable investment are equally rare. One fruitful cause of indebtedness among officials is a desire to own a house. House-Building and house-purchase advances are freely taken and are supplemented by loans, first from one Co-operative Society and then from another, until the debt increases to an extent which makes it necessary in many cases to sell the house, and even then only a part of the debt is liquidated. The ambition to own a house beyond the means of the officials has become such a potent cause of indebtedness in many a known instance, that we have thought it necessary to make a

special mention of it here.

Officials are generally obliged to pay a high house rent while school fees and medical fees form no inconsiderable items in their domestic budget. It has also been brought to the notice of the Committee that the retrenchment cut in pay, and in some instances, the frequent transfer from place to place coupled with the inadequate travelling allowance paid under the present rules, have also contributed to some extent to add to the burden of debt of the officials.

Apart from these special causes the most common causes of indebtedness among officials are the existence of ancestral debt, cost of educating boys and girls, unrestricted growth of families, the responsibilities associated with the joint family system, unemployment of adult members of the family and the expenses of marrying not only the children but the brothers, sisters and other dependents of the official. In these respects, the official is not in a different position from any member of his social class who is not in public service, except perhaps for the fact that his standards of life are apt to be a little higher and that he finds it less easy to resist demands for help from needy relatives.

Remedial Measures:

Indebtedness is not peculiar to officials but is common to all classes of workers and can only be dealt with as a part of a larger economic and social problem, which does not fall within our sphere. We can only suggest the adoption of measures (unfortunately few and limited in scopes) whereby Government employees may in some measure be prevented from contracting avoidable debts and protected in the public interest, from the worst consequences of indebtedness. We accordingly make the following recommendations:-

1. At present the pay of an officer is attachable in satisfaction of Civil Court decrees to the extent of one half in the case of officials drawing Rs.40/- and upwards, and the excess over Rs.20/- in the case of those drawing pay below Rs.40/-. The exemption limit is Rs.20/-. In calculating the amount attachable, the gross pay is taken into consideration. We consider that the exemption limit should be raised to Rs.50/- and some of us are of opinion that the calculation of the amount attachable should be made on the net pay drawn by an official ie., after deducting the compulsory life insurance premium or compulsory contribution to the Provident Fund from the gross pay We understand that in Madras, the exemption limit was raised to Rs.40/- sometime ago. The Government is entitled to the efficient service of its employees which is bound to be affected if a large proportion of their pay is attached by creditors month after month. As the Royal Commission on Labour observed, "The Law allows the money-lender to use the employer as his debt collector". In submitting itself to such a position, the Government may legitimately temper the demands of the creditor, having regard to the efficiency of its own service.

2. House-building advances should not be sanctioned without close enquiry. Before advances are made the applicant should be called upon to submit the plan and estimate of the building proposed to be constructed. The advance to be made by the Government should not exceed 75% of the total estimated cost and the applicant should satisfy the sanctioning authority that he has the remaining 25% either in cash or in cash and value of site and materials collected. The plan of the building approved at the time of granting the loan should not be materially altered without previous sanction, so long as the loan remains undischarged.